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# SOVIET RUSSIA

## After Ten Years

DISCUSSED BY

JAMES G. McDONALD

STUART CHASE

*and*

REV. EDMUND A. WALSH

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*of the*

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NATIONAL HEADQUARTERS

EIGHTEEN EAST FORTY-FIRST STREET

NEW YORK CITY

## SPEAKERS:

JAMES G. McDONALD

Chairman, National Executive Board, Foreign Policy Association.  
Visited Russia this summer.

STUART CHASE

Director of the Labor Bureau, Inc.; member, unofficial Trade Union  
Delegation to the Soviet Union, 1927; author of *The Tragedy  
of Waste*; co-author of *Your Money's Worth*.

REV. EDMUND A. WALSH

Regent, School of Foreign Service, Georgetown University;  
director general, Papal Relief Mission to Russia.

HENRY GODDARD LEACH, Chairman

## SPEAKERS' TABLE

Silas B. Axtell	Lester Markel
Hon. Boris A. Bakhmeteff	Herbert L. May
S. G. Bron	Mrs. Anne O'Hare McCormick
Raymond L. Buell	James G. McDonald
Stuart Chase	Edgerton Parsons
Col. Hugh L. Cooper	William Paton
Mr. Zyrio J. Lambkin	C. A. Richards
M. G. Gurevitch	Geroid Robinson
Maj. Gen. William N. Haskell	Hugo Schmidt
Morgan Jones	Boris E. Skvirsky
Henry Goddard Leach	Charles E. Stuart
Ivy L. Lee	Prof. Rexford G. Tugwell
A. A. Linde	Miss Lillian D. Wald

Rev. Edmund A. Walsh

# SOVIET RUSSIA

## After Ten Years

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DR. HENRY GODDARD LEACH, *Chairman*

THE subject this afternoon is Russia. I have not yet found out why I was picked out for Toastmaster. As far as I can learn by inquiry I am the only man at this table who has never visited Russia. I am one of those Americans, and there are thousands of others, who have occupied a very passive position during the past ten years, who love all Russians, but who make very little effort to try to comprehend them. My formula is that every average Russian has reached the imagination which the methodical American intellect finds it impossible to explore. You might as well fathom the depths of Einstein's equations proving relativity.

The first speaker this afternoon has been a familiar figure in past years on this platform. It is a very fine revenge for most of us, I am sure, to see him acting today not as the arbitrary judge but as a humble occupant of the witness box. Mr. McDonald comes to us with his title of Chairman of the Foreign Policy Association and all his titles from his instructorship at Harvard, but with new titles from Russia, I suppose, because he has spent his last vacation there.

We are going to ask him to tell us in thirty minutes—we are going to be rigorous and take our revenge, holding him within the exact seconds—to tell us everything he has learned in Russia during the past year.

MR. JAMES G. McDONALD

IT IS presumptuous for me to talk about Russia. I do not speak the language, nor do the two friends with whom I traveled. I was there but three weeks. And, as it was my first visit, I had no previous experience to use as a standard.

The language obstacle we tried to overcome by frequent use of German and French, and by speaking through our interpreter, whom we had every reason to trust. Nearly every day was filled with appointments—either with government officials or with foreigners. Among the latter were men and women of the most diverse points of view in reference to actual conditions in Russia. Moreover, I had had, in one sense, an unusual preparation for my study. During the previous nine years, I had presided over scores of discussions of the Russian problem, at which every important opinion or impression had been vigorously attacked and as vigorously defended.



Despite my obvious handicaps, I was able to gain many extremely vivid impressions. Some of these I am venturing to give you today. When I first came out of Russia, I thought they might be worth a little consideration, particularly since they represented in most essentials rather sharp modifications of the opinions and prejudices which I took into Russia. But now I am not so sure that anything I have to say is worth listening to. Within the first two weeks after I crossed the Russian frontier into Poland, on my way to Geneva, I heard "confidential reports" from "highly authoritative sources" which belied everything I had seen or thought I had seen, and everything I had learned or thought I had learned. Hence, if you wish to know the truth about Russia, I offer this advice: Listen carefully to what I have to say, and believe the opposite.

As a result of my observations, I either modified or completely changed many of my earlier views. The Government is not, as I had been led to believe, freeing itself in any perceptible degree from the control of the Communist Party. The Russian Union of Socialist Soviet Republics is at once more federal and more centralized than I had expected. The drift to the Right is much less certainly defined than most returning business men tell us. The foreign policy of the Government is more peaceful, and that of other organizations in Russia more provocative than I had thought. The Communist Party is not a party in our sense of the word; it is a sect. The motivation of the movement is not fundamentally economic, as most of us believe,—it is inherently religious. A promising result of the Revolution is that which is rarely noticed and almost never reported—the rebirth of individualism. The danger of a split is being grossly exaggerated abroad. I thought the ruling classes in Russia talked only politics; I found them concerned much more about the rationalization and expansion of industry. Some of the worst and some of the best in present-day Russia is not Bolshevist, but merely Russian; old virtues and old vices with new names. The terror is not academic—it is very real. More far reaching than the dispossession and the terrorization of the old régime classes is the tragic cleavage between the old and the young throughout all Russia. It is not certain, as so many of us have assumed, that financial assistance and diplomatic recognition would moderate Communist ardor at home or abroad. The dangers to Bolshevism are not the émigrés abroad nor any non-Bolshevik group within Russia. The dangers are deeply imbedded in Bolshevism itself.

Nominally, the Government of Soviet Russia is, as you know, democratic. The suffrage is universal except for the exclusion of the "non-producers." In fact, however, this democratic machinery is controlled by the Communist Party. It is true that non-Communists predominate in the village Soviets; that many non-Party members are elected to the provincial Soviets; and even to the All-Russian Congress of Soviets. None the less, for all practical purposes, the will of the Communist minority finds little difficulty in expressing itself with complete effective-



ness through the Soviet organs. Indeed, the Soviet system is almost an ideal instrument for utilization by a militant, cohesive minority.

Where does final authority in Russia lie? What organizations or groups really shape programs and finally determine specific policies? The answer is three-fold. In the routine administration, the Government, of course, controls. Frequently, in industrial matters and occasionally, in other questions, the voice of the trade unions is decisive. But, in vitally important issues, it is the Party which decides. How could it be otherwise? Every high Russian official is a Communist. Every Communist is subject to strict party discipline and can be dismissed without right of appeal by the executive organs of the Party.

Or let us take a concrete example. How far is the Foreign Office of the Russian Government a free agent? An answer was given to me in Moscow by one of the most brilliant Communists, which I think is not far from correct. He said: "Tchicherin does no harm. He knows the diplomatic forms and how to call an ambassador 'Your Excellency,' but nothing he does really matters. The important decisions are all made elsewhere." To the extent to which this is true of the Foreign Office, it is probably true, also, of other departments of the Government.

As a matter of fact, only a few years since, Lenin and his associates were discussing seriously whether it would not be preferable to govern Russia directly through the Party, rather than set up a separate machinery of government. It is not Rykoff, premier of the Council of the People's Commissars; nor Kalinin, President of the Central Executive Committee; but Stalin, secretary of the Communist Party and head of the Party's highest organ, the Polit Bureau, who is the real leader and spokesman of Soviet Russia.

In the formation of the Union of Socialist Soviet Republics, completed in 1923, the Bolsheviks made a significant but little appreciated contribution to political theory and practice. They combined to an extraordinary degree the elements of strength in centralism with the essential advantages of federalism. Without weakening the control exercised from Moscow, they have granted to the more than thirty-two republics and autonomous communes, or regions, a degree of self-government which goes far towards satisfying the nationalism or localism of the varied nationalities and groups which make up such a large proportion of the Union. It is out of the land where the Czars used to shock the world with their policy of ruthless Russification that now comes an example of almost unprecedented intelligence in the recognition of the rights of minorities.

I am not forgetful that in some parts of the Soviet Union there is grave dissatisfaction—as, for example, in the Ukraine or in Georgia. Nor do I assume that all of the constituent parts of the Union made or keep their connection with Moscow willingly. But of this I am convinced: under the leadership of Stalin, when Commissar of Nationalities, the Bolsheviks worked out an imperial polity which illustrates that common



economic interests create ties stronger than invading armies, and that the tolerance of national and local languages, religions and other cultural differences provides a sounder basis for unions than missionary imposition of a supposedly superior culture. Moscow has had the singular intelligence to leave to the constituent parts of the Union those things which concern them most, reserving to itself only those powers deemed essential to the maintenance of unified control.

In what direction is the drift in Russia? Is it to the Right or to the Left? Almost invariably returning travellers answer categorically: "The Soviet Government is gradually but steadily returning to capitalism, and more slowly, but none the less surely, to a less radical and autocratic political system." That this view is so widely held is not surprising. The Soviet authorities wish it to be so, and spare no effort in their handling of visitors to strengthen this impression. Moreover, visiting business men talk mostly with men like themselves,—technicians, the heads of banks, and those responsible for the factories or the railways. These industrialists and financiers talk the same language as such men everywhere in the world. They, like the Government, are anxious that the outside world should believe that Communist Russia is on its way to the mourner's bench and is about ready to confess its sins. Large foreign credits are more likely to be granted to a repentant than to a defiant Russia!

But, quite aside from these considerations, there are many facts to support these optimistic conclusions. The Russian industries are organised into trusts and syndicates. In the factories piece work is common; differential wages are the rule; and managers are being given more authority. Banks function as banks everywhere. Strenuous efforts are made to maintain the currency stable. Internal loans with lottery features are utilized to tease scanty savings out of reluctant pockets. A petty bourgeoisie may be said to be arising in the country as some of the peasants begin to accumulate a surplus, and in the cities as private traders gather in their profits. Although the concessions to foreign capitalists already granted are few, and most of those unprofitable, the system of thus enlisting foreign capital is now being reorganized and systematized. In two important instances during the past summer—the Harriman and the Krupp concessions—the Russians made, without being legally bound to do so, important modifications in the contracts, with a view to increasing the chance for profitable exploitation. In the face of this accumulation of evidence I am not rash enough to declare that the orthodox view about the drift to the Right is necessarily incorrect. I am sure, however, that the significance of the surrenders so far has been exaggerated, and I believe that there are substantial reasons for holding that in some respects Russia is more Communistic than four years ago.

One evening, during my stay in Moscow, I had an opportunity to listen to a four-hour debate on the question: To the Right or to the Left? It was at the home of a foreign correspondent, an extraordinarily brilliant



and profound foreign student of Soviet Russia. The only other guest, besides my two friends, was another foreign correspondent, also an able student of Russian conditions. He and our host presented with elaborate carefulness the arguments pro and con. I returned to my hotel—just as the early Russian sun was beginning to lighten the great Square of the Opera under my window—convinced that much of the evidence of growing conservatism is superficial, not fundamental; but temporary modifications of preconceived plans, not proof that the original plans have been surrendered. Moreover, there is less private industry and less private trade now in Russia than some years earlier. And one of the major objectives of the governmental trading organizations and industries is openly declared to be to take over as rapidly as possible the business at present carried on by private Russian capital. Incidentally, it is significant that many of the principles commonly associated with a liberal or democratic régime are less observed today than four or five years ago.

The foreign policy of the Soviet Government, I am convinced, is dominated by the desire to maintain peace. There is no indication that Moscow desires a conflict with Poland, with the Border States, or with Rumania. Russia's predominating desire for peace is grounded on the soundest of bases—essential self-interest. The Soviet authorities know that nothing would so effectively wreck their program of industrialization on which they pin their dearest hopes as would an international war. It is because they anticipate such dire evils from a conflict of arms that they are convinced that Britain is determined to precipitate just such a conflict. Britain is the enemy; the Arcos raid, the raid on the Soviet Legation in Peking, the breaking-off of diplomatic relations are in Moscow interpreted as parts of a unified British program to isolate and encircle Russia, and but preparatory to a military attack against her by one of her neighbors. Thus would the Soviet power be weakened by the prolonged bleeding of one of its constituent parts.

Convinced that the British danger is real, the Soviet Government spares no effort to prove to the world its peaceful intentions, but these endeavors are being constantly negated by the activities of the Russian Communist Party and the Third International, neither of which the Government has power to control. Frequently one hears the argument that it does not wish to control them, but I think a fairer explanation is that it knows it could not and therefore does not dare to try. The basic anomaly in Russia's foreign relations lies directly here. The Third International has not given up its program of world revolution. The Russian Communist Party has not and will not disavow its support of that program. Hence, the constant embarrassment in which the Government finds itself when its efforts for the establishment and maintenance of normal relations abroad are thwarted by the Communist organizations.

The Communist Party is much misunderstood abroad. It is an exclusive and tightly organized body of religious zealots. The difference between it and liberal parties outside of Russia is not one of degree,



but one of kind. It is difficult to get into the Party and very easy to get out. Only those whose ancestry is correct, or who have shown over a long period of probation that they are prepared loyally to live up to the rigid discipline of the Party, are admitted. Any member may be summarily expelled. The total membership is now approximately a million. If to those we add the two million Komsomols, the youth from 14 to 22, and about the same number of Pioneers, aged 8 to 14, the total number of Communists and those in training for membership would reach about five million.

The motivation of Communism is not essentially economic nor cultural, it is religious. Though they have abolished religion in the old-fashioned sense, the Communists have set up a new creed. Marx's writings are the Old Testament; Lenin's writings are the New Testament. Lenin now, more than three years after his death, lies in state, to be viewed by thousands of people every day. They are not permitted to kiss his hands, as used to be done with the bodies of saints, but this is a hygienic difference rather than one of principle.

Talking one day with a young Communist girl whose father and mother had both been exiles and were now active in the Communist Party, I asked her, "What would be your attitude toward your father and mother if they were bourgeois and you were a Communist?"

Her reply, immediate and without any sign of bravado, was, "I would leave them. What else could I do? I couldn't live with them, could I?"

Here one had in this frank reply a poignant illustration of the superior devotion which Communism demands. This loyalty is not very different from that demanded of its adherents by primitive Christianity.

One of the ablest leaders of American Protestantism, who had had many occasions to discuss the Communist psychology, said to me, "I am sure that Communism contains within itself those same three essential elements which have been the basis of every great religion:

"1. The intense desire to establish the Kingdom of God on earth. (Of course, without the traditional God.)

"2. Profound belief in the worth of the individual and the possibility of his conversion and redemption.

"3. The faith that each individual has his role to play in the remaking of the world."

I believe that this observer is right.

Certainly those who assume that individualism has been crushed by the revolution are mistaken. The most profound student of Communism whom I know said to me in Moscow, "I believe one aspect of the revolution which has been almost completely ignored abroad is likely to prove in the long run about the most important. For millions of people who are not Communist the revolution has broken the shackles of century-old traditions and caste. Millions of peasants are for the first time beginning



to think for themselves. In the course of generations, I believe that this freeing of the masses from the trammels of the past may effect profounder changes in Russia and in the world than all of the Communist theorizing."

Is there not a real danger of a split within the Party? If one reads the headlines of the news dispatches from Moscow, and, more especially, those from Riga and other border cities, the conclusion would seem inescapable that the struggle between the Opposition and the Government must end in open strife. But I am convinced that this is not likely to result. I believe that the Party is stronger than any leader or group of leaders. I believe its cohesive force to be so great that any man or group of men who seriously threatened the unity of the organization would be destroyed.

What are the differences between Trotzky, Zinovieff, Kamenieff, Radek, and the other Oppositionists, and Stalin and the dominant groups in the Party and the Government? There are at least five:

1. The Opposition would democratize the Party control, they would minimize the role of the "apparatus," that is the party machine, they would encourage the infusion of younger blood into the higher Party and Governmental positions. They accuse Stalin and his associates of bureaucratic tyranny. He retorts by charging them with "fractionalism" verging on counter-revolution.

2. The Opposition charges the powers that be with neglecting their opportunities abroad to aid revolutionary movements. They insist that the bureaucracy is so absorbed in maintaining its own power and in achieving its program at home that it is forgetting the world mission. They argue that the Bolshevik experiment in Russia can only succeed if Bolshevism is successful elsewhere. Stalin replies: We are not forgetful of our duties and opportunities abroad, but our major task is to make the Bolshevik experiment in Russia succeed. Its success at home will be the best propaganda abroad. Let us concentrate on the first things first.

3. The Oppositionists criticize the Government for slowing-up, unjustifiably, the tempo of industrialization. They mean that the Government, by relinquishing the pressure on the peasants, is permitting, even encouraging the growth of a petty bourgeoisie in the country and is failing to secure, through higher taxes, the surplus necessary to hothouse the development of new industries. As one of the Opposition said to us: We must continue to be heroic and we must make the peasant and every one else draw his belt tighter. Higher taxes and lower prices are vastly preferable to lower taxes and higher prices. The Government replies: We, too, want to hasten industrialization, but your program of pressing the peasant still harder would be self-defeating. He must be permitted to become prosperous, otherwise he will not produce that surplus which is absolutely essential if we are to have the materials for export, with-



out which we cannot make abroad those purchases imperatively needed for the very industrial development you are so keen about.

4. The Oppositionists have also criticized the Government and the Third International for neglecting their opportunities in the West, by paying too much attention to China, and especially for having played with the Kuomintang, who "were certain" to discard their Bolshevik associates just as soon as it suited their book. To these charges Stalin has made no effective reply.

5. Perhaps the most basic difference between the two groups is that the Oppositionists are the "hundred per centers." They are the thoroughly orthodox; they seize upon every concession to opportunism as a betrayal of Communism. Stalin and those who work with him, faced with the responsibilities of power, find that orthodoxy is more satisfactory on the platform than in a governmental bureau.

What will happen to Trotzky and the leaders of the Opposition? He, and most of the others, have already been expelled successively from the Polit Bureau, the highest organ of the Communist Power, from the Executive Committee of the Third International, from the Executive Committee of the Communist Party, and finally, a few days ago, from the Party itself. What now? As non-Party members, any political activity is tantamount to counter-revolution.

One goes to Russia expecting to find everybody in power talking politics. It was a matter of great surprise, therefore, that almost no one talks politics—at least to foreigners. Nearly every one whom I saw was concerned with one problem, and one problem only, the industrialization of Russia. The aim is grandiose—industrialization on the scale carried out in America. The methods favored are American methods. Indeed, American technique, American efficiency, American scientific management—all these are favorite enthusiasms of Communist and other Russian functionaries. Henry Ford is to them the great American. As Lenin said, "Electricity is culture."

The scope of their industrial program is magnificent, or, if one were a cynic, one might say Utopian. They plan not merely to industrialize the city, but to industrialize the countryside. They expect not merely to communize the industry in the centers, but to communize the vast agricultural stretches of Russia. They expect to lift the peasant from the soil; win him away from love of his own individual tract of land; teach him the superior advantages of cultivation on a large scale; proletarianize him; and, through a vastly higher standard of living than he has ever known, woo him to Communism.

More challenging than the scope of their program is their plan for integrating the whole of the economic life of 140 millions of people. Already they exercise a complete monopoly of foreign trade and an increasing control of domestic industry and trade. Through the famous Gosplan, the government lays down from year to year and for five-year



periods exactly what production is to be expected in the fields of industry, agriculture, mining and so on. I was told that each year the gap between expectation and result grows smaller.

But they are not satisfied to plan. They have set up a Superior Economic Council over the whole of industry, except the railways, with something like the supreme power of a General Staff in time of war. It determines what funds will be allocated to each of the industries; decides whether, for example, the railways shall contribute to other industries through reduction of freight rates, or whether the oil industry will subsidize the manufacturing industry by an abnormally low price for oil. As I talked to the high officials of this Council, I could not but feel that the elder Morgan or the elder Harriman would have been intrigued at the possibility of exercising such unique power over the economic and industrial life of one-eighth of the earth's surface.

Whether one thinks the Communist industrialization program is Utopian or not, it is an undisputable proof of the daring of a handful of men who, not satisfied with maintaining power, believe that they can and will remake the social, the economic, and the cultural life of a country which sprawls out over the whole of eastern Europe and northern Asia, with its nearly 150 millions of people—mostly medieval and of diverse languages, religions and cultures. Much, then, as one may criticize Bolshevik methods, the grandeur of their conceptions and their courage in undertaking the apparently impossible must give even their most violent opponents occasion for thought.

Many phases of present day life in Russia which seem strange are after all only old virtues or old vices with new names. I am told that this very habit of seeing things in the large, or planning grand experiments, is Russian rather than Communist. Similarly, one of the most criticised failures of Communism, the notorious scissors, is, I am told, not Communist, but Russian. In other words, prior to the war the peasant was paid very meagerly for what he produced and had to pay high prices for what he bought. The difference was almost as striking as now. He was always exploited. Cynics would add, he probably always will be. Similarly, those who say that the Communists can not continue in power because the standard of life they have provided is so low, forget that the standard of life in Russia has always been low—unbelievably low in the villages, compared with anything to which we are accustomed.

The terror, too, is in some respects Russian rather than Communist. At any rate, as I have spoken to people about my impressions of the terror since leaving Russia, I have been surprised at the number of times that men who knew the old Russia said to me: "What you describe is not unlike the activities of the secret police under the Czar, only apparently the Workers' and Peasants' Inspection and the OGPU are more effective." Certainly the terror is not academic, it is very real. Yet its depressing effect on the life of Russia can easily be exaggerated. It influences little, or



not at all, the great mass of people, the peasants. It is not noticeably depressing in its influence on the workers. The only classes upon which it bears down with its full appalling weight are those of the old régime, most of whom are like you in this room. To these millions, the terror is still an awful thing. Constant censorship of the mail and the telephone; constant scrutiny of visitors; constant danger of arbitrary arrest and exile; these spectres are with the intellectuals and the other classes of the old régime day and night. They constitute the heaviest indictment against the Bolshevik regime.

There are many unsettling phenomena in Russia, but the terror is to my mind not the worst of these. I believe that more distressing to millions of Russians than any repressive activity of the Government is a condition which Communists welcome and for which they are in part responsible. I refer to the yawning chasm between old and young. I know, of course, that the old never understand the young, and the young are always intolerant of the old. I am told that this is everywhere true today. But I am sure that in Russia this cleavage has been accented to a degree unequalled elsewhere. Indeed, the Government and the Party have more or less deliberately sought to set the young against the old—the old are hopeless, they cannot be taught; only the young are willing to break with the past! Hence the emphasis in the schools, in the popular demonstrations and in the countrywide propaganda upon theories and ideas which, challenging the young, make them feel that their parents are linked to an obscurantist and superstitious past. Old ideas of the home, old ideas of marriage, old ideas of religion are attacked with logic and satire and burlesque. In millions of families where there is no real Communism, I am sure that the hearts of fathers and mothers are anguished by the loss, in the most tragic sense, of their sons and daughters.

Can the radicalism of Bolshevism be moderated by political recognition of Soviet Russia, and through the granting of substantial credits to Russian industry? The answer of many American students of the Russian problem is, "Yes!" I am not so sure. I would not deny this possibility; however, I feel quite strongly that the case for it has not been proved. It is arguable that Bolshevism, motivated by a religious zealotry, can continue to be dominant only so long as this motivation is essentially undiluted, and that therefore those in power will be forced from time to time to carry out counter-revolutions against each growing tendency towards moderation. I do not suggest this theory as my own, but as one that deserves consideration. Nor do I argue that,—assuming this theory I have suggested to be tenable,—therefore, non-recognition is a desirable policy. I am merely urging that the decision as to recognition and non-recognition be not based on the expectation that action from the outside will decisively affect the moving forces within Russia.

Communism, or at any rate Communist control, has, as far as one can see today in Russia, come to stay, perhaps for many decades. It cannot be endangered by the émigrés from Paris or New York or London. It



cannot be endangered by the old régime groups in Russia. The peasants, so long as they have their land and are reasonably satisfied with the return for their crops, have no incentive to support any change, particularly since they fear it would bring back the landlord. The workers, though not so well off economically, perhaps, as we are frequently told, have gained many imponderable advantages and are the basis of the present régime.

My theory, which is only a theory and perhaps of little value, is this: If Communism is destroyed, it will be destroyed by forces not outside but within itself—by the weaknesses of bureaucracy and of autocracy, by the temptations which come from success, by such practices as differential wages, by the gradual diminution of religious zeal. But the day of such weakness is not yet. The Communists are still masters in their own houses.

We from the outside can, I believe, do little to help them or to change them. But we can, if we will, show that capitalism is capable of such modifications—so brilliantly and courageously forecast by Owen D. Young in his recent address at Harvard—as to make revolution an absurdity, and that democracy can be made to work so as to remove any excuse for or danger of dictatorship, either from the Right or the Left.

THE CHAIRMAN: We have learned in the last few years to expect the downright and the candid from Mr. McDonald, and we have not been disappointed this afternoon.

We can also expect a somewhat similar technique from the next speaker, Mr. Stuart Chase. I suppose you have all read *Your Money's Worth*. Mr. Chase, like Mr. McDonald, flaunts a Harvard degree, and he was so far buried in allegiance to fact that for quite a time he functioned as a certified public accountant. Mr. Chase was a member of the Federal Trade Commission and wrote the report on the Chicago Packers, but facts and politics do not blend, and when Mr. Harding came into the White House, Mr. Chase was fired.

He has been over in Russia, too, this last summer. If he will pardon a bit of gossip I picked up on the street, I am told that among his adventures in Russia was an interview with the great Stalin himself. Mr. Chase fired at Mr. Stalin a long list of impertinent questions derived from his journalistic experience in America, and Mr. Stalin replied with great politeness and with still greater length, but, according to gossip, entirely avoided answering any of the questions that Mr. Chase had asked of him. It is further reported that, before the end of the interview, Mr. Chase was fast asleep.

That is another example of the difference between Russians and Americans. Did you ever hear of a journalist falling asleep interviewing Mr. Coolidge?

To shorten the afternoon, I will break in by introducing Mr. Stuart Chase.

## MR. STUART CHASE

MR. CHAIRMAN, Ladies and Gentlemen: That is not quite true about Stalin. I did not have a chance to give him the questions I had in mind. I think only one of the questions that were addressed to him was mine. Most of the questions dealt with political matters on which I am an ignoramus, and in the very long rendition from Russian into English and vice versa I might have dozed. I trust I was not so impolite as to go really to sleep.

I spent about a month last summer in Russia studying production and industrial coordination. I went to Moscow, Leningrad, Kharkhov, Kiev, Odessa, and other cities and towns in the Ukraine, the bread basket of Russia. I travelled about a thousand miles by motor car through the outlying agricultural districts in the Ukraine. I swam in the Baltic, in the Black Sea, and in points between, and I noted to my dismay that Will Rogers is not to be depended upon as a statistician. There are lots of bathing suits in Russia. The idea seems to be that if you have a bathing suit, you wear it, and so cast envy into the heart of the undraped Mrs. Jonesky.

No train that I was on in Russia was ever late, and I doubt if the engineer had me in mind as he operated the throttle. I saw no evidence of violence, of disorder, or cruelty, and I walked the streets of Moscow and of other cities alone and at night for miles and miles. But coming from my hotel at Kiev one morning, I saw a perfectly gorgeous riot in progress. There were milling crowds, soldiers, uniforms, yells, pursuits, pistol shots! I was thrilled. Here was the Russia of the Riga press dispatches. Then, alas, I saw the director waving his megaphone, and the camera men on the hotel balcony. The Ukraine Government moving picture studios were shooting a film!

My dominant impression of Russia was of a strong, orderly, loyal, going concern. I would not recommend its invasion by a foreign military power. They can invade if they want to, but I would not recommend it. But it is far from a land flowing with milk and honey. It has a much lower standard of living than the United States or than any western country. But its people look healthy and well fed. I was particularly struck by the contrast between the workers in Moscow, or in Leningrad, and a large group of workers whom I saw attending a Sacco-Vanzetti demonstration in Paris on the way in, with the contrast all in favor of Russia, biologically speaking. The children look healthy, save for a hundred or so of the famous ragamuffins whom I saw during the time that I was there.

No one pays very much attention to clothing. You wear what you want. It is adequate though often shabby. I saw just three pairs of silk stockings and one dinner coat. Shelter is bad in Moscow. It is terribly overcrowded, particularly due to the shifting of the Government from Leningrad, but there is considerable evidence of new building activity. Of comforts there are few, save for an apparently inexhaustible supply of



tea and cigarettes, and save for the magnificent performances to be seen at the theater—the ballet, the opera, and the symphony concerts. I think the most exciting evening that I ever spent in the theater was in the great white and gold opera house in Moscow watching one of the new ballets.

The facilities for recreation which have been created by the new Government are very considerable. They include swimming clubs, shooting galleries, summer parks, soccer fields, vacation homes, and clubs of the trade unions. The favorite target in the shooting galleries (we came in right after the break with England) was a picture of Chamberlain with his monocle as the bull's eye.

The Club of the Seamen's Union at Odessa particularly impressed me. It was the palace of the sometime Governor of Odessa—an enormous, luxurious place—and, as a member of the Harvard Club of New York, I know when I have been outclassed. But such exhibits, of course, are few and far between.

The primary thing for the visitor to realize is that Russia is the East. Since time immemorial the East has contrasted squalor with glittering luxury. Over it hangs an odor alien to Western nostrils.

The luxury in Russia has largely disappeared now, save for a series of horrible examples which have been kept clean and shining. The Czar's summer palace at Tsarskoye Selo is as immaculate as ever and is deliberately designed to show just how the nobility and the court used to live. Meanwhile the squalor still remains over large areas.

One must realize, also, that it is primarily and overwhelmingly an agricultural land, a land of peasants. Eighty-five per cent of the total population of Russia are peasants, with here and there a city lost in an unending reach of steppe, with here and there a factory—rare as cathedrals in other lands. You cannot compare Russia with America. It is at once absurd and unjust as a yardstick for measuring its progress. It can only be compared with itself in former years, or with other countries of the East. The only other country with which I am familiar at all is Egypt, and I confess frankly that I prefer Russia.

How does the Russia of today contrast with the Russia of 1913, before the war? I was not there in 1913. I do not know how Russia looked or smelled in those days, but I can give you some figures—reasonably reliable figures. I speak now as a certified public accountant, not unmindful of the higher reaches of dubious statistics. If we take the index of industrial production in 1913 as 100, industrial production by weight in this year, 1927, would be about 109, a 9 per cent increase. Agricultural production this year will be about 101. So modern Russia has just passed the 1913 level.

The quality of that production is poor. It has been improving in the last year or two, but on the whole it is poor. That is offset to a certain degree, however, by the fact that, of the entire output of industrial production, the overwhelming bulk is in the form of necessities and simple

comforts that are applicable to the rank and file of the population. There are no factories undertaking to carry out annual changes in drawing-room furniture; there are no confections guaranteed to improve our popularity at dances. The stuff they are producing is of immediate value to the common man.

How about the material condition of the industrial workers and of the other classes in Russia? Paul Douglas, of the University of Chicago, who was with us, finds that the industrial worker is about thirty-five per cent better off today than he was in 1913, including his real wages, plus the quite magnificent social insurance schemes that have been applied to industrial workers. I would hesitate to be as specific as thirty-five per cent, but my conviction is that the industrial workers are materially better off today. But there are only about three million factory workers and they suffer, as workers in other lands suffer, from a serious problem of unemployment.

The peasants today are in about the same material condition that they were in 1913. They have rather more of their own food to eat—eggs, poultry and butter—and they have rather less by way of manufactured articles. They have, however, the satisfaction, and a very material one it is, of possessing the land.

The middle classes, the clerks, the intellectuals, our sort of people, are undeniably worse off than they were in 1913. Whether that is good for their souls or not, I am unable to specify.

Industry has made enormous strides since the New Economic Policy was inaugurated in 1921. In that year, production had shrunk to 17 per cent of the pre-war level, and now after six years it is above the 1913 level. This is an astonishing recovery.

I wish that I had time to tell you of the organization of the government trusts that operate Russian industry, but all that I can do is answer a question that has been repeatedly put to me: How much socialism, how much communism, are there in Russia today?

As far as I know anything about pure communism, I would say there is not a trace of it in Russia today, but of socialism there is considerable. However, the largest group in Russia, as we know, is the peasant. Ninety per cent of the total output of agriculture is carried on by private individuals, the private traders. The peasant cannot be called a capitalist because he is not working in a factory; he does not employ factory methods which are implicit in a definition of capitalism. He is a private trader, and, therefore, is not carrying on his work from the point of view of a socialized economy.

Eighty per cent of the industrial production, however, is in the hands of government trusts, and you can call the system state socialism or state capitalism, as you prefer. Sometimes I wake up in the night and wonder if these great industrial trusts of Russia and our combinations and trusts here in America are not paralleling the same road, and whether in another generation there will be a great deal to choose between them.



The bulk of all wholesale trade is in the hands of the Government and is socialized, while about seventy per cent of all retail trade is carried on either through Government stores or through the cooperative stores, which latter the Government is aiding by all means in its power.

Finally, there is state control of money, of prices and of credit. Thus, so far as distribution, and the bulk of industrial production is concerned, we have a socialized state, but the greatest job of all in Russia, agriculture, is overwhelmingly in the hands of the peasant as a private trader, selling his output at fixed prices to the Government.

To me the most significant thing in Russia was the Gosplan. I think it is the most interesting economic experiment in history. It is our own War Industries Board of 1918 carried three or four steps into the future. It is an attempt to integrate a sixth of the world's land area and the activity of one hundred and fifty million people into one coordinated economic plan. Sixteen men, constituting the praesidium of the State Planning Commission, locally known as the "Gosplan," are blocking out the future of agriculture, of industry, of transportation, of super-power, of exports, of imports, for fifteen years in advance. A very careful and detailed plan is made for the coming year, a careful but less detailed plan for the next five years, while general industrial policies are laid down for fifteen years ahead.

Into the great barracks which house the Moscow Gosplan, with its five hundred economists, statisticians, and engineers, come feeding the figures from every rural area, from every industrial focal point. These figures are built up into control totals, and on the basis of these totals the apportionment of new capital is laid down for the years to come. Yardsticks are set up for measuring the quota which each agricultural area, each industry, is required to produce in the immediate future. On the walls of the factories that we visited were these quota lines in red, together with the line of the actual performance. Wherever I went I saw and felt the hand of this centralized planning.

The Gosplan calls, in its five-year program, for a seventy-eight per cent increase in industrial production, by weight, in 1932, and a thirty per cent increase in agricultural production—thus closing the famous scissors. From what I was able to see and learn, I believe that, if there are no serious outside disturbances and no internal break-up in the party, the quota will be met. But even after it is met, Russia will still be far from an industrialized country as we know it in America—so great is the distance that the East has yet to go.

The basic policies of the Gosplan are economic self-sufficiency; the locating of factories near their sources of raw material; and particularly the building up of the iron and steel industries. Under such a program, no considerable overexpansion of industry is possible. None of the wastes of competition as we know them here are admissible—no duplication of plant or equipment, no cross hauling, no competitive advertising, no high-

pressure salesmanship, no artificial stimulation of wants, no trade secrets—just enough shoe factories to meet the needs of the people of Russia for shoes, just enough textile mills, just enough sugar plants.

If the Gosplan can go on and industry can keep functioning according to its yardsticks, we are going to have some day a great laboratory, a great experiment station, in which we can finally measure the utility to mankind of a collectivist form of industry—a laboratory to put to naught all the millions of words, all the thousands of cubic feet of hot air, which have gone into the discussion of socialism versus capitalism. If the Gosplan can carry on, we will know in five, ten, twenty years, whether any such coordination is possible within the administrative limits of the human mind, and, if so, whether it makes for a superior sort of economic system than that so far developed by the Western World. As a student of economic experiments, I hope with all my heart that it can go on.

And so, finally, it is clear to me from my month in Russia that it is a land today as far from a sink of degradation and stupidity as it is from a Utopia.

THE CHAIRMAN: I would ask you all to start getting your questions for Mr. Chase.

Our next speaker to treat with Soviet Russia is a representative of the Catholic Church—Professor Walsh of Georgetown University. Some months ago, in the pursuit of my profession, I happened to take a special train from one of the seats of Protestant Christianity, the Archbishopric at Upsala, down to Rome, and I was much amused at the very enthusiastic interest of Protestants and Romanists along the borders in establishing friendly contact with Orthodox Christians in Russia. At Upsala I was shown a picture of the Archbishop fishing with one of the Orthodox patriarchs. When I got to Rome I learned that they were just as friendly toward them down there. A young priest told me enthusiastically that as many as two thousand monks of one order were waiting to go in to help Russia when the time came.

It is a great pleasure to introduce the Reverend Edmund A. Walsh, the Director General of the Papal Relief Mission to Russia in 1922. Father Walsh!

#### REV. EDMUND A. WALSH

MR. CHAIRMAN, Ladies and Gentlemen: May I at the outset say that the remarks I am about to make today in no wise represent any official policy or opinion of that great Christian body to which our Chairman has referred. I speak to you today solely and purely in my capacity as an American citizen.

Ten years ago, as we all know, the Russian Empire crashed to irretrievable ruin, because by all the laws of nature its disappearance had become a political necessity. The Empire of the Czars was the last island



stronghold of absolutism in the rising tide of democracy. Ringed round by the bayonets of the Preobrajenski and Volynski regiments, its ukases executed by the knouts of the Cossacks and the flashing sabres of Hussars, it had defied the elements for three hundred years—until the red deluge came. Imperial Russia was the outstanding anachronism of modern times and the abuses perpetrated by its semi-Asiatic government, the crass denial of fundamental human rights and the exploitation of the masses by the corrupt and inefficient bureaucratic caste that had oppressed its population since the days of Peter the Great, justified, in my opinion, a dozen revolutions. The civilized world rejoiced at the lifting of the yoke, and the people of the United States in particular stood on tiptoe to welcome Russia into the family of free nations. Therefore we welcomed that revolution. As President Wilson put it, you remember, so admirably on the floor of Congress, on that eventful day, April 2, 1917, "Here is a fit partner for a league of honor."

The chronicling of that revolution we may well leave to the scientific historian. Certain practical political consequences such as the recognition of the new Soviet régime concern the statesmen. Mutual recriminations and hateful charge and countercharge, we may well leave to the propagandists, white and red, paid and unpaid. Trade possibilities and commerce will fascinate the concessionaires. But the basic issue belongs to mankind; it belongs to you and to me; it is to one or another of those basic issues that I beg to call your attention at this time.

We must remember that the first revolution, that of March, 1917, which resulted in a constitutional democracy, is not the revolution which is dominant in Russia at this moment. The effects of the democratic revolution achieved by Miliukov, Prince Lvov and the others perished with the coming of the Bolsheviks on November 7, 1917. The Russian revolution with which we are now concerned was not revolution in the ordinarily accepted term; it did not mean the reallocation of sovereignty within the Russian state,—which is the definition of revolution,—but it meant the beginning of an enormous transformation of the whole human race, a social reorganization which was not to stop within the confines of Soviet Russia but to spread to Europe, to America and to every other habitable land. It proposed to create a new arch-type of humanity, the so-called "collective man," the "mass man," who is to displace forever the individual, the soul-encumbered man.

That is why I would make an earnest plea for very clear thinking and clear definition of terms when you approach the great problem of Russia. Because of the lack of clear thinking and because of the lack of precise definition of terms, there has been a great deal of loose talking, a great deal of misrepresentation, and a great deal of injustice done both to the Soviet régime and to those of us who take the freeman's liberty of differing from its program.

I have a striking example of such misrepresentation before me today. There has recently been issued a report by a group of Americans who



went to Russia during the summer,—an unofficial group, I am told, representing the trade unions of the United States. I have read that report with great care and attention, with the care, attention and respect which any opinion of my countrymen will always command from me. After reading it, I am forced to the conclusion that this report,—particularly in the parts that concern members of the Foreign Policy Association, interested in the relations of Soviet Russia with the rest of the world,—has been written by men of a high type of intelligence, intended for reading, I should say, by men of a somewhat limited type of intelligence and of meager information.

This report, on page 85, repeats the charge that our present attitude in refusing to recognize Soviet Russia is in direct contradiction to our traditional policy in recognizing revolutionary governments. Why, are we not a revolutionary government ourselves? Therefore we should be the first to accept the friendship of new revolutionary governments! And they reproduce on that page the historic statesment of Thomas Jefferson, which says that we cannot deny to any other nation the right to make revolution, and to govern themselves internally as they see fit. It is one of the classical loci for political scientists. Arguing from that pronouncement, the report concludes with a vigorous indictment of our public policy.

Now, the statement of Mr. Jefferson is, of course, true and sound American policy. But there is one other thing, one other requisite for entering into political relationship with the Soviet Government which Mr. Jefferson does not here mention explicitly because he *understands* it,—because it was so commonly accepted among the nations of the earth that he did not think it necessary to repeat or emphasize it. Recognition of a new government according to international usage demands that two elements, two conditions, be fulfilled:

1. That the government in question be in actual, de facto, control of the territory in question, exercising supreme power and performing the ordinary functions of a government.
2. That it have the ability and show the disposition to fulfill the accepted international obligations of a sovereign power and fulfill its responsibilities as a member of the family of nations.

The accidental fact that Jefferson, in this particular paragraph, did not mention the second and obvious requisite by no means indicates that he did not *presuppose* it. If you are invited to a formal function, to be held sometime before noon, and if the invitation states that top hats and morning coats should be worn, does that mean that no further attire is required? A decent respect for the common opinion of mankind provides for the other, *sine qua non*. Nay, more. Time and time again the government of the United States, through its Presidents and Secretaries of State, has explicitly insisted upon this second requirement; namely, the disposition on the part of a new government to conform to



standard international law. I have before me a collection of state papers in which I have marked and segregated seventeen instances in which this requirement is set forth. Time would not permit me to cite more than one or two. Thus, Mr. Clay, in advocating the recognition of the Republic of Texas, says, "With respect to new powers the recognition of their governments comprehends,—first, an acknowledgment of their ability to exist as independent states and *secondly, a capacity of their particular governments to perform the duties and fulfill the obligations towards foreign powers incident to their new condition.*"

I think it an injustice to the American public that when the compilers of this Report quoted the first part of Mr. Clay's statement, which they do on page 85, that they did not proceed seven lines more and quote this second statement which gives the integral doctrine of the United States of America. It required no certified public accountant to find that paragraph. It is separated by only seven lines from the first, which is quoted in this Report as convincing proof of American policy.

Moreover, I find in this Report a continuation of such misrepresentation, a suppression of vital fact and statements of half-truth which to me is incomprehensible. In the few moments allowed to me I can only quote to you one more specimen.

The compilers also quote in this Report the supposed conditions put down for the recognition of Soviet Russia by the United States. On page 89 it is said that Mr. Hughes, in his note of December 21, 1923, insisted upon the payment of Czarist debts. I have carefully examined the files of the State Department for five years, and I assure you there was no note dated December 21. There is a note dated December 18 in which Mr. Hughes refers to the conditions already put down by the President of the United States on the floor of Congress. A research student and a technical adviser would ordinarily betake himself to the statement of the President on the floor of Congress, where he would find that in his address to the assembled Senators and Representatives President Coolidge insisted on the recognition, not of the debts contracted by the Czarist régime, but of the debts contracted by *Revolutionary Russia*. The Czarist debts are explicitly excluded.

Injustice, ladies and gentlemen, if I have read history aright, arises from one of two causes,—either from ignorance or from wilful blind prejudice. But, when I read the list of men who participated in the compilation of this report, I am forbidden from their character and training to conclude that they were ignorant.

Now, the reason why the United States does not recognize Soviet Russia is not because of any facts alleged in this Report. It is because the Soviets have refused from the beginning to fulfill the second requirement of our traditional American policy. Their repudiation of international law, which has been formal, dates from the first days of the revolution; it was declared a contemptible bourgeois code, and they did not

intend to abide by it. Then followed actual repudiation of all their obligations, not only financial, but moral and legal, culminating in the erection of an instrumentality designed to destroy governments in other parts of the world. I am prepared to prove to you that the erection of the Third International was an act of the Soviet Government, done in the Kremlin, the official Capitol of Soviet Russia. Do not these things constitute a refusal to abide by that second requisite?

These pronouncements are matters of public record; they are not the hotheaded fulminations of irresponsible members of the Communist Party,—but the express statements of the Soviet Government itself, particularly in its written constitution, which I have here before me. We know that the practical execution of this intention to set the world on fire has formed the main objective of their foreign policy and the number of diplomats, consular agents and official representatives who have been expelled from various countries, because of their unethical and hostile activities, fills a long page. Senator King has recorded them in two columns of the Congressional Record of May 24, 1924. And we know that within the last few months Great Britain has been obliged to sever diplomatic relations for the same reason, to be followed by a similar action by British Labor Unions; and Mr. Rakovsky was forced a few weeks ago to steal secretly out of Paris in order to save himself the disgrace of actual expulsion for unwarranted interference in the internal affairs of the French Republic.

Those of us who really have the welfare of the Russian people at heart had hoped that this program of international impertinence was gradually being shelved by the Soviet Government through these ten years; but unhappily our hopes have been disappointed and the present ruler of Russia, Mr. Stalin, has just assured us from Moscow, on the occasion of the Tenth Anniversary of the Bolshevik Revolution, that we should be wrong to conclude that the hope of world revolution has been given up by the Soviet Government. Within the last two weeks he issued a statement as follows:

“The October revolution was not a national but an international revolution—a radical change in the history of humanity from the old capitalist world to a new socialist world. The former ‘great’ revolutions in England France and Germany were nothing but the substitution of one group of exploiters for another—with the exception of the heroic though unsuccessful attempt of the Paris commune. The October revolution differs from the others in principle.”

\* \* \* \* \*

“And meanwhile it is the centre and the base of the revolutionary movement, prepared to take advantage of the revolutionary situation which will inevitably be produced by capitalist rivalries. In other words, we children of the October revolution become an important factor in world affairs with a definite specific gravity.

“The era of capitalism’s ruin has begun.



"Finally, the October revolution has not only political and economic importance but under the flag of Marxism, Leninism is a revolution in the thought and ideology of the working class.

"Previously Social Democrats might talk about the gradual evolution of socialism, but now their theory is proved false—they can no longer mislead workers who have the example of our proletarian victory before their eyes. Henceforth the World's Workers' motto is: It is impossible to put an end to capitalism without ending social democracy in the workers' movement."

We had hoped that the tenth anniversary of the Revolution might give rise to some assurance that this sort of thing was all over, and that they would do what friends have begged and prayed them to do,—to be reasonable. They may do what they please on their own territory but they must not attempt either by official statement or practice to overturn our institutions which are perfectly pleasing to us.

And you must remember that when Mr. Voikoff was shot at Warsaw last June,—I happened to be in Europe at the time,—the next day twenty men were taken out in Moscow and shot without trial, as an administrative act of the G. P. U. The things that terrify are not seen in the street; they are done in execution chambers.

Some nations protested against such barbarity. I have not time,—because my time is nearly up,—to read to you the official answer sent to the protest of one country; but the substance was this,—that Soviet Russia maintains the right to execute without trial either its own or any other nationals who go into its territory; that the G. P. U., which is the State Political Police, the successor of the Cheka, possesses such power; and that all foreigners, who go there, go with their eyes open and must submit to such conditions. The fact that a state of peace existed between Russia and Finland (which is the country in question) did not prevent them from holding General Elkengren as a precious hostage to be executed when they saw fit.

This repudiation of all international usage is the obstacle, ladies and gentlemen. I welcome, as does every visitor to Russia and every friend of peace all evidences of economic rehabilitation, but I maintain they do not touch the heart of the Russian problem. The challenge reaches to the basic foundations upon which our civilization rests.

I maintain, therefore, ladies and gentlemen, that the situation in its basic aspect has not changed a particle. As the other speakers have pointed out, there have been great and hopeful changes in the economic situation, but in the political claim which Soviet Russia presents to the world, there has not been one iota of change from the platform formulated in 1917.

In conclusion, I must also protest against an argument I have heard from a hundred platforms in the last two years,—from the Atlantic to the Pacific and down to the Gulf of Mexico. I have often heard the impassioned statement that our present attitude means that we are re-

fusing to recognize the Russian people. That is another example of loose talk. States do not recognize peoples. Governments recognize other governments. The Russian people no more need recognition than does the sun in the heavens or any other obvious fact. They exist, and existed long before we did. There were republics at Pskov and Novgorod six hundred years before the Mayflower set sail. Our recognition of the Russian people was given in 1922 and 1923 by the American people under the distinguished leadership of General Haskell in a way that wrote the best page that I know of in our international relations.

I feel sure, Mr. Chairman, that I may end by believing that it is the wish, the hope, and the prayer of everyone in this hall today that the moment is not far off when we can stretch out that same hand again for the economic rehabilitation of that great land and that noble race. But such cooperation, when it comes, must come on a basis of mutual respect,—respect for each other, respect for international law, respect for the natural, inalienable rights of man, and respect for the fundamental postulates of the divine law, because, does not history teach us that where law ends injustice and tyranny begin? I thank you!

THE CHAIRMAN: Mr. Chase has asked permission to say one or two words anent Father Walsh.

MR. CHASE: I just wanted to clear up a slight misinterpretation. The question of recognition is included at the end of the report of the unofficial American labor delegation to Russia. That particular section was written coming back on the Leviathan by members of the labor group. A number of the so-called experts, of whom I happen to be one and Professor Tugwell there was another, voted against inclusion in the report of any section on recognition. We felt it would be stronger to give the facts and let the American people decide whether they wanted to recognize Russia or not. This section, accordingly, I had nothing whatsoever to do with, and the report itself is signed by James H. Mowrer, John Brophy, Frank L. Palmer, and Albert F. Coyle. The group of experts did not sign the report, but are going to publish their own signed reports in the near future.

THE CHAIRMAN: In other words, ladies and gentlemen, this particular report has affixed to it neither an "N-o" nor a "C. P. A."

MR. COLT: Although the Communist Party still forms a small minority of the Russian people, is it not a very much larger number than the original estimate of six hundred thousand?

MR. CHASE: One million two hundred thousand.

THE CHAIRMAN: C. P. A!

QUESTION: I have seen a report which stated officially that there were one million six hundred unemployed in Russia on September 30, 1927. Are those figures correct?



MR. CHASE: Those are just about the figures that I got when I was there in August,—one million six hundred thousand officially out of work. Did you ask me how I would improve it?

QUESTION: I have such respect for your ability that I think you would be able to improve it, but I should like to know what the reason is for that industrial situation.

MR. CHASE: The reasons are two. First, the influx of peasants into the cities and towns, particularly into Moscow; secondly, the fact that "rationalization," as they call the efficiency movement in industry, is continually throwing people out of work. As they improve their output per man hour (and as they have not sufficient capital to take up the slack), they constantly drop men from their factories and from other bureaus. While we were in Moscow they put in a pneumatic system in the Post Office and dropped one hundred messengers.

Now, they face the fact. But they say it is more important in the long run to go on improving industrial output and in the meantime to do what they can with unemployment doles and other schemes. They are trying to place these straying peasants back on the farms here and there. But the officials to whom we talked, the men at the heads of the bureaus, do not hesitate to affirm that unemployment is a serious problem, and that there is no solution for it for a number of years to come.

One interesting fact, which may throw a sidelight on their statistical ability, is that, beginning about five years from now, the generation whose fathers and mothers suffered most severely during the war and the civil war, will come into industry. That generation of youngsters is about five million less than the ordinary generation, and they look to that to help their unemployment situation considerably. But it is going to take a long, long time, gathering capital internally, before they are going to have sufficient to put everybody to work.

MR. JONES: In view of the fact that the Russian Government has decided to send a representative to join in the discussion at Geneva on disarmament, at the Preparatory Commission, may I ask Mr. McDonald whether he would regard that as an indication of a change of attitude on the part of Russia toward the League of Nations?

MR. McDONALD: The official attitude in Russia, as I understand it, towards the League of Nations has been that the League is a bourgeois contraption, destined to perpetuate a fast-failing capitalism. I think the Communist officials have realized that the League is more than that, and probably in good faith are going to the Geneva Preparatory Conference to see what can be done about disarmament. I doubt, however, if it indicates more than a recognition that the League has come to stay. It probably does not indicate that the Soviet authorities have changed their idea as to the fundamental character of the League.

PROFESSOR BORODIN: I would like to have Mr. Chase tell us the comparative prices in Russia now and in 1913 for one yard of cotton fabric in dollars and cents, one pair of shoes, and one pound of sugar.

MR. CHASE: Frankly, I don't remember them. Do you, Professor Tugwell? What is the range?

PROFESSOR TUGWELL: The indexes for prices seem to show that prices in Russia, curiously enough, are very much higher than they are in the rest of the world, considerably higher, probably twenty-five per cent higher, for these common ordinary things which are spoken of. On the other hand, wages are somewhat higher, proportionately, not compared with our wages, but compared with what they were before, if you understand me. So that the ability to buy, the purchasing power of wages in Russia, is higher now than it was before the war by some forty per cent, I estimate. Professor Douglas thinks it is somewhat more.

But this of course refers to only a very small part of the population. The peasant's purchasing power is probably somewhat less than it was before the war, or at any rate down until 1921. But the situation has measurably improved in the last two years, and I think there is every reason to believe that the Soviets are doing more to close the scissors, as it is called, than any other country in the world.

PROFESSOR BORODIN: May I quote some figures which I have for that? There has been no answer to my question. I have some figures for the present time, and I know what the prices were before. In Moscow, fabric costs about \$2.40 a yard—just cotton fabric. Wool costs \$35 a yard. Boots cost \$50 a pair. Shoes cost \$40 a pair. Sugar is \$3 a pound. That is not in state stores, but just common stores where they used to buy these things before for one-tenth of these figures which I quote. I know what it cost in 1913 because I lived there at that time.

THE CHAIRMAN: Sugar at \$3 a pound—something for the housewife!

COLONEL COOPER: I have been in Russia for six months of the last year, and if my good friend, the last speaker, would know the facts, I can tell him those figures are all desperately wrong.

PROFESSOR BORODIN: They are taken from official sources.

MR. BRIGGS: Father Walsh, I should like to know whether in your mention of Secretary Hughes' statement about not recognizing Russia, because it does not recognize international law, you would imply that the other countries who have recognized Russia do admit that Russia recognizes international law.

FATHER WALSH: The reasons which induced many European nations to recognize Soviet Russia were largely economic. The pressure through which they were going, the fall in productivity, the unemployment in their



countries, and a great many other such reasons induced them to waive, to minimize and allow to go by the board a great many things which the United States, because of our isolation, because of being six thousand miles away, insists upon because of the important principles involved.

Of those nations that did recognize Soviet Russia, pretty nearly every one inserted into the treaty a clause which practically said, "We know that you are liable to do things within our country that are forbidden by international law, and we require of you ahead of time a guarantee that you won't do them."

If you will read the various treaties, beginning with the earliest ones with Finland and Latvia and the other Border States, with Poland and Austria and finally Great Britain, you will find such paragraphs in practically every one. It was because of the violation of those specific paragraphs that nearly two pages of names may be found of Soviet representatives who were expelled by different nations. Finally, the British were obliged to break entirely.

MR. LINTON WELLS: It was my good fortune to know something about the Japanese recognition of Russia. I know that Harry F. Sinclair lost his properties through a decision of the Supreme Court of Soviet Russia, on condition that the oil fields which he owned would be given to the Japanese Government in return for recognition. I happen to know that to be an absolute fact.

QUESTION: What are the advantages and disadvantages of recognition, Mr. McDonald?

THE CHAIRMAN: Mr. McDonald does not have to answer that.

MR. McDONALD: I think that I ought to relapse into my traditional role of chairman for the moment for two reasons—first, because of the difficulty of the question, and second, because of the element of time. The question would involve taking not only the half minute which is left but much, much more time than is left between now and four o'clock.

MAJOR GENERAL HASKELL: I would like to ask one question. It has been stated this afternoon that a Russian workman is better off today than he was in 1913, and in coming to that conclusion I think that the speaker has included a great many allowances, matters of insurance, vacations, free tickets to the theater, various other things. I would like to know how much weight those things are given in this estimate and I would like to know whether they get them or not.

MR. CHASE: I did not study that particular problem. I only talked with Paul Douglas, as he was studying it, and, as I remember it, he worked out an increase in real wages over 1913 of ten per cent, and then he added these considerations of vacation, of unemployment insurance, of old age pensions, and so forth, which brought his total up to a thirty-five per cent increase or thereabouts.

I am convinced from all I saw and all I heard that the Russian worker today, that is, this rather small group of industrial workers, is getting that social insurance. Two years ago it was mostly on paper. Today it is being given to him in hard, material considerations.

THE CHAIRMAN: Father Walsh will say a word.

FATHER WALSH: I think I may take the liberty of substantiating to a certain extent Mr. Chase's conclusions, but, with his permission, under considerable reservation.

Viewed in the large, the benefits of the Bolshevik revolution has been concentrated, by the very philosophy of Marxism, on a very, very small minority. It is the urban proletariat,—namely, the city workers,—who have received the chief benefits. Let us say there are three million urban proletariat laborers. In a population of one hundred and forty million people, these, I think,—from observations of nearly two years,— *have* been benefited. But what of the one hundred and thirty-seven million left?

QUESTION: I should like to ask Mr. Chase from what sources he obtained his information regarding the increased industrial and agricultural output of Russia and if he is very certain that his figures are correct?

MR. CHASE: I obtained them from the Gosplan, checked by the figures of the Supreme Economic Council, checked by the figures of the Conjunction Institute. Professor Tugwell and I spent a great deal of time going into the methodology of their statistics. We found, for instance, that their crop and agricultural statistics were based upon a ten per cent survey in the spring. They were then checked by three coefficients of correction ending with an airplane photographic survey of the lands.

The Soviet Government functions—it has got to function—on a statistical basis, and if those figures are wrong, they are ditched. The figures were wrong, grievously wrong, for the first five or six years, until they determined that they had to improve the quality of their statistics, and their best technical brains have been going into improving the quality and character of their statistics, until the control figures now are, within limits, I am convinced,—though I may be wrong—reasonably correct.

QUESTION: There are a certain number of peasants, there are a certain number of proletarians. I want to know the number, roughly, of people who are subject to the terror,—the people who have been defined as like ourselves, former business people, lawyers, and people of that class,—how many are there that are subject to this terror?

THE CHAIRMAN: Father Chase! (Walsh!)



FATHER WALSH: Just retribution! I should venture to say that the terror, as an instrument of political extermination of an opposing class,—which it was,—was confined to three categories. First, the members of the old régime, monarchists, members of the grand dukes' families, certain cabinet members of the Czar, and so on. Secondly, a certain number of the bourgeoisie, that is, the burgess class, which was, maybe, fourteen to fifteen per cent of the Russian population at the outbreak of the revolution. Then also the clergy. Thirdly, at least after the revolution, after the successful establishment of Bolshevik power, the SR's, the Social Revolutionaries, men of revolutionary tendencies but who wanted to bring about revolution, not by bullets, but by ballots.

I should say, then, that the terror affected a group which in the large was perhaps fourteen to fifteen per cent of the population. Out of that fourteen to fifteen per cent of the population, I think the figures will show that one million eight hundred thousand people were executed by the Cheka.

QUESTION: How many are left now of this class?

FATHER WALSH: The gentleman calls for an estimate of what we call the middle class in Russia. That is very hard to ascertain, because at the outbreak of the revolution great numbers of them,—professors, doctors, and those generally described as members of the intelligentsia,—were obliged to flee from Russia. Those who came back afterwards are now very highly prized, if they conform to the régime.

I believe the figures are tabulated,—and I have them,—of the number of doctors executed, lawyers executed, and so on.

QUESTION: How many are there left?

FATHER WALSH: Russia, sir, was one-sixth of the area of the earth. I suppose, to hazard a guess—which is all it would be—you might say from two to three million of that group. That is purely a guess, in view of the enormous extent of that problem.

THE CHAIRMAN: Are there any more brief and snappy questions?

MAJOR GENERAL HASKELL: This is not a brief question nor snappy, but the greatest indication that I have heard here today as to the progress of Soviet Russia is that they are now able to give correct statistics.

I spent some two or three years in Russia and had a great many dealings, and I will give you an indication of what statistics are worth. I called upon Kamenev, who was then the head of the organization to take care of the aftermath of the famine, for statistics on the crops. He wanted to show that Soviet Russia could not export grain, so we got one set of statistics. I objected to those as incorrect. At the same time another department of the Government was trying to get a loan in America. The Foreign Trade Department was anxious to export. I got my second set of statistics from them. They varied twenty-

five per cent from the first ones upon the crops in Russia. Finally from the Statistical Bureau we got another set, and none of them were within ten per cent of each other. And from our own information they were all altogether wrong.

There is absolutely no possibility—or there was none two or three years ago—of depending on any statistics that you get from any department of the Soviet Government. I know that because I did business with them.

With that in view, they talk about vacations and insurance and doles. I had one hundred and twenty-five thousand people on my payroll. They were Russians. It was the obligation of the Russian Government to feed those people, and they were sometimes a month, sometimes six weeks, sometimes eight weeks behind in the delivery of food to keep themselves alive. It got so bad finally that the American Relief Administration fed the people who were working for them and cared no more and tried no more to get them to pass out this food in the time of famine which it was the obligation of the Government to produce. It was not because they did not want to do it. It was not because they were unwilling to do it. But it was because they were unable to do it. There was no criticism of their sincerity. The criticism was of their ability to do these things and their inability to conform to that sort of obligation, and, if I am not mistaken in my estimate, even though the workers' condition may be better, they are not conforming one hundred per cent to these obligations of theirs today any more than they were in 1923 or 1925. But they have gotten into the situation where their statistics are better coordinated than they were in 1923.

FATHER WALSH: The Chairman has allowed me one brief moment to throw into the discussion, as an illustrative example, something about statistics. Possibly General Haskell will remember this incident, too. On one occasion, some of his officials were called to the Kremlin and shown certain statistics to prove that the overhead operations of the American Relief Administration were so heavy that the expenses did not warrant the contribution. They showed a set of figures which proved that the overhead expense of the American Relief Administration was *thirty per cent* of the value of the articles contributed!

One of General Haskell's subordinates, knowing that it could not be true, went over the statistics, and found that they were *three per cent*. The Soviet gentleman who proposed the difficulty merely smiled and said, "Oh, a decimal point has slipped!"

QUESTION: I should like to ask if Mr. McDonald or Mr. Chase would give a brief definition of Communism.

THE CHAIRMAN: Will Mr. McDonald or Mr. Chase give a brief definition of Communism?



MR. McDONALD: Stuart Chase says that he does not know and cannot. Well, I do not know a definite, final definition of Communism either. But what Communism means to me is Socialism revolutionized or made revolutionary. It is probably more than that, but it means an attempt on the part of the governing class to have a socialistic control of all of the sources of production. It means the adoption of the Marxian theory. But there is a vast difference between Socialism as my namesake in England—Ramsay MacDonald—stands for it, and Socialism as they mean it in Russia. I have always thought that the basic difference between Communism and Socialism—though this is possibly only an ignorant person's judgment—is that the Communists have established a theory that it should be imposed by revolution, maintained if necessary by the dictatorship of the proletariat, a dictatorship of the proletariat maintained by whatever means may be necessary to that end. Then, if you get into the field of Bolshevism, you have all sorts of philosophical concepts, for an understanding of which I refer you to an extremely interesting, erudite and heavy volume called "The Mind and Face of Bolshevism."

DR. INGERMAN: Through what means is the productivity of labor increased in Russia?

MR. CHASE: By the slow infiltration of our American ideas of scientific management, of straight-line production, of conveyor systems, of all the ways and means by which we increase our own technical efficiency here. The Russian, heaven knows, is no Yankee; it takes him much longer and he has a much thicker head in getting used to these methods. But he is doing the best he can, and his output per man per hour is steadily increasing.

There is also a very interesting committee of the local trade union in each factory, a production committee, which is keenly interested in cooperating with the management in pointing out ways and means for cutting down waste and leakage and loss. There is a widespread series of premiums and bonuses whereby any individual who devises a new invention or a new way of cheapening production is rewarded and honored. I mean, all available incentives are used, including financial ones, within limits, to encourage both management and men to increase their production. As contrasted with Russia's old level, it is a phenomenal increase; as contrasted with the American level, it is very little.

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